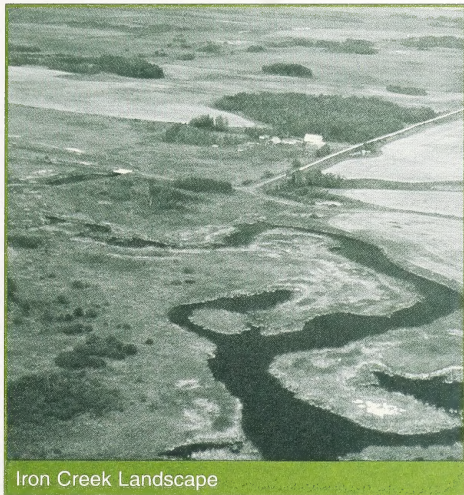


GREEN MATTERS

A newsletter from the Alberta Environmentally Sustainable Agriculture Council



The Linkages Between Economics & Stewardship

I had a conversation with a friend from the livestock industry about environmental issues. He was adamant that agriculture should hunker down until these environmental issues go away. "All of this proactive stuff will just cost us more," he said, "and any action we take will put us in the headlights of the regulators." While he and I will continue to disagree about being proactive and

consumers do pay for the wheat and meat at the counter, they have no way to vote with their dollars for the environmental benefits from agricultural stewardship.

The articles describe some of the actions in Alberta to share the costs of stewardship between agricultural producers and society. The Alberta Environmentally Sustainable Agriculture (AESA) Council's upcoming March conference, called "Who's Rewarding Stewardship?", focuses on such efforts in many jurisdictions.

The proposed federal Agriculture Policy Framework addresses some of agriculture's key concerns through dollars to support environmental and food safety actions on the farm. The risk of such programs is that other important priorities may come up, leaving farmers with ongoing costs but no public dollars available. To address society's priorities and the producer's need for economic viability, we need to be open to change in the unwritten agreement between producers and consumers.

A marketing firm presented a study to some poultry producers a few years ago that concluded consumers want food that is safe, cheap and produced in an environmentally sustainable way. The comment from the back of the room was "pick two, any two, out of three."

The time is ripe to link consumers' expectations about food with producers' economic and environmental requirements. The "how-to" to make this happen will need to include principles that farmers, consumers and regulators agree on, and solid commitments from each to do their part.

whether or not agriculture's environmental performance is already in the headlights of regulators, we do share a common concern. The "it will just cost us more" concern.

Agriculture faces many concerns and topping the list is economic sustainability. Environmental impacts, food safety, animal welfare, access to markets for export, weather and the market power of retailers, suppliers and processors round out the list. Some of these issues we can address, others we have to live with, but they are often linked together.

The links between economics and environmental action come up again and again. An eastern Alberta rancher recently quipped, "We know how to farm better than we can afford to." When producers or processors run out of cash flow and equity, all the best intentions to care for the environment won't cover the mortgage payments.

This issue of Green Matters starts to explore the economic side of environmental stewardship. Along with wheat and meat, farmers and ranchers could, and often do, produce environmental goods and services – clean water, wildlife and plant habitat, healthy soils, clean air and rural views. While

From AESA Council's Chair

*By John Kolk,
Poultry Industry Council*

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Issue No. 14, Winter 2003



The Complexities of Paying for Public Benefits

“The... concept has arisen at federal and provincial government levels and with various non-government organizations, and it appears to be gaining support.”

For many farmers and ranchers, the urgent need to pay today's bills can push plans to adopt environmental stewardship practices to the back burner. Now a new way of looking at the economics of stewardship is generating some alternatives for increasing both the economic benefits to producers and the environmental benefits to society.

When producers practice environmental stewardship, they are often providing environmental goods and services (EGS) like protecting water quality, conserving wildlife habitat, reducing greenhouse gas emissions and increasing biodiversity. However, the producers rarely receive a direct economic return for the time, effort and money they invest to produce these public goods and services.

Bob Nelson is the chair of the AESA Council's recently formed Economic Task Team. He says, “The team, working with the Agriculture and Food Council, has set up an expert committee to develop EGS goals and objectives, and assess the risks and opportunities. The result will be a clearer picture of what needs to be done, the pitfalls or opportunities, and who should be spearheading the action.”

Team member Kim Schmitt says, “The environmental goods and services concept has arisen at federal and provincial government levels and with various non-government organizations, and it appears to be

gaining support. What we're lacking is the road map of how to put these ideas into action.”

Issues & Instruments

Some of the complexities around EGS include determining: how to assess the management practices that, taken collectively, contribute significantly to the goods and services; how to assess the dollar value of these goods and services, and set appropriate payment levels; which are the most cost-effective economic instruments for rewarding stewardship; how to foster public support of sustainable funding for EGS programs; and how to cost-effectively monitor the environmental benefits to ensure that the public is actually receiving the benefits it is paying for.

Many economic instruments are being considered, tested or implemented by a variety of agencies. These include:

- tax-related options like income tax benefits for conservation easements and property tax rebates (see “Property Tax Rebate for Conservation Lands”)
- eco-labelling for specialty markets (see “Marketing Stewardship”)
- direct program payments for implementation of specific practices (see “Ranchers Sustaining Rare Plants”)
- ‘cap-and-trade’ where a cap is set on pollution emissions and then companies with emissions lower than the cap can trade their ‘leftover’ allowable emissions to companies that emit more than allowed (for example, carbon trading for greenhouse gas emission targets)

Emerging Policies & Programs

One of the key places where the EGS concept has arisen is in the Agriculture Policy Framework. “The federal, provincial and territorial agricultural

ministers are currently developing this five-year, cost-shared strategy. Implementation is expected to begin this spring,” says Karen Haugen-Kozyra of Alberta Agriculture, Food and Rural Development (AAFRD). The framework's goal is to increase profitability and minimize risk for the agri-food sector. It has five components: safety nets, food safety, environment, rural renewal and science.

Several EGS opportunities could be included under the environmental component, says Haugen-Kozyra. For example, financial incentives could be available to help farmers, ranchers and watershed groups to implement their peer-reviewed environmental plans. And Agriculture and Agri-Food Canada's \$110-million Green Cover Program, expected to be underway this summer, will likely provide financial incentives and technical assistance for specific management practices that benefit the environment.

The EGS concept is also the focus of recommendations from the Environmental Stewardship Action Team, created in 2000 out of Alberta's Ag Summit public consultation process. The team's report is available at <<http://www.agrivantage.ab.ca/esatreport.pdf>>. It provides a plan of action that “allows society to pay for the environmental goods and services provided by managers of agricultural landscapes.” AAFRD managers and others are reviewing the recommendations and are considering various options for possible implementation.

The National Round Table on the Environment and the Economy has also investigated EGS opportunities through its Ecological Fiscal Reform Program. This program has evaluated three economic instruments related to agricultural landscapes in the report *Toward a Canadian Agenda for Ecological Fiscal Reform: First Steps* (go to <<http://www.nrtee-trnee.ca/>> and follow the links). For more information on environmental goods and services, attend the AESA conference! (See Upcoming Conference on Rewarding Stewardship.)

Marketing Stewardship



Gordon Cartwright

For some producers, eco-labelling is a way to receive some returns for their stewardship practices. The Producers of the Diamond Willow Range Inc., a group of ranching families in the Pincher Creek area, are basing the marketing of their beef in part on their range management practices that conserve wildlife, grasslands and watershed health.

About seven years ago, two of the ranching families asked the University of Calgary's Faculty of Environmental Design to assess whether their practices were compatible with wildlife and other environmental considerations, and whether consumers would pay for a branded product based on such practices. The positive findings prompted the two families and five others to create Diamond Willow beef."

The families share a stewardship ethic – along with a willingness to follow the Organic Crop Improvement Association's internationally certified practices, keep very detailed records, and do their own marketing. Each calf is carefully tracked from

its birth to how it is raised, grazed and finished, and on to the packing plant and retail outlet. The families direct-sell to help get their brand differential message across.

They charge a higher price for their product because they have to, explains Keith Everts, one of the ranchers. "Every component of the system takes human time and adds a cost." He adds, "By supporting a branded product like Diamond Willow Beef, people in urban areas can support management for long-term sustainability of the ecosystem."

"Our biggest challenge is to get brand recognition," notes Everts. "It's easy for people to say they believe in certain ways. But when it comes down to buying that product, it takes a lot of education for people to understand what the brand differential means." However, he thinks such branding is a growing trend. "People are becoming more conscious about where their products are from and how they're made."

Paul Barlott of FoodView Inc. agrees about this trend. Edmonton-based FoodView is currently testing its system to trace products from the farm to the retail outlet in some real farm situations. "There's a lot of interest in this, but not many have really tried it in the field," he says. "The tough part is keeping products segregated and implementing traceability systems. For example, keeping individual carcasses separate in a large packing plant and implementing the infrastructure for tracing. However, this does provide a new profit opportunity for producers and processors to realize the benefits of value traceability."

Those interested in this approach would need to target "about 20 to 30% of consumers who are really conscious of what they are eating and where it comes from," explains Barlott. "You need to get a premium price for your product because of the costs associated with using the practices that differentiate your product and with tracing how it is produced." He adds, "Down the road, I think the consumers will want and demand this information."

Property Tax Rebate for Conservation Lands

"... people realized how little they were paying on those parcels."

In the County of Barrhead, a municipal property tax rebate program is providing a low-cost, flexible way to protect water, habitat, soil and air quality.

The program began in 1989 when the County was trying to encourage landowners to retain wooded and wetland areas. "The usual comment we got from landowners was, 'If we have to pay taxes on it anyway, we might as well farm it.' So we looked at ways to offset the taxes," says Marilyn Flock, the County's Agricultural Fieldman.

This voluntary program provides rebates to landowners who conserve target lands under 10- to 20-year agreements. Examples of target lands

include areas with endangered species, unique habitats and large blocks of good habitat. The landowner pays the property taxes and receives a rebate from the County's Agricultural Service Board (ASB) for the land under the agreement.

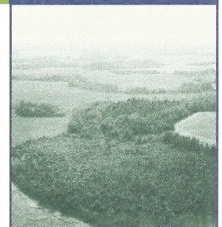
Currently, 2493 acres are under the tax rebate program. "Our whole program only costs us about \$1500 a year," notes Flock. This low cost is because bush and wetlands on agricultural properties are taxed at a very low rate. Currently, the ASB has set the rebates at a standard rate of \$0.60/acre/year, which is slightly higher than the average tax rate for these lands.

Most landowners are not aware of the low tax rate because the assessments are not broken down in that way. Flock says, "A major advantage of the program is that people realized how little they were paying on those parcels." Another advantage is that the program gives Flock the opportunity to talk to residents about the benefits from these lands.

The County delivers the program with the Alberta conservation Association (ACA) and Alberta Fish and Wildlife Division. An interested landowner contacts Flock who then contacts an ACA representative to work out the agreement with the landowner. Flock says most landowners are very good about following their agreements. And the County and the ACA are willing to talk with landowners if exceptional circumstances arise. For example, when last year's drought left producers desperate for hay, they negotiated temporary arrangements like light grazing of the land after the nesting period for ground-nesting birds.

Says Flock, "We all benefit from the cleaner water and air, and wildlife habitat. So the cost should not be solely the landowner's."

Conservation lands under the County of Barrhead tax rebate program



Marilyn Flock/County of Barrhead



Western blue flag

Ranchers Sustaining Rare Plants

"Everybody was willing to listen to the different sides and to find ways to make it work for everybody."

Sound range management is the common thread linking the sustainability of ranching operations with the survival of western blue flag, a threatened plant species. This shared need is the foundation for a cooperative, voluntary program to improve both blue flag populations and ranching operations.

Western blue flag is a tall, purple iris adapted to a narrow set of conditions. It grows on the lands of about a dozen landowners in the Cardston area, on the northern fringe of the plant's range. "This blue flag population is unique; the plants occur nowhere else in Canada," says Richard Quinlan of Alberta Fish and Wildlife.

Grazing and blue flag are usually compatible, explains Quinlan. Cattle avoid eating blue flag unless overgrazing has removed all the plants they

prefer to eat. And by grazing the plants around the blue flag, cattle reduce plant competition for nutrients and water, so the blue flag can thrive. Grazing enhancements like cross-fencing can provide more rotation options so cattle don't need to use the pastures with blue flag in the spring, when the plants are developing flowers and seeds. Such enhancements can also improve the ranch's long-term productivity, but the rancher first has to find the money to make the changes.

Quinlan leads a 12-member team that developed the recovery plan for blue flag, completed in April 2002. The team's diverse membership, including botanists, a range ecologist and local ranchers, balanced landowner needs with the plant's needs.

Rancher Jeff Bectell joined the team because he rents and owns land with blue flag. "It seemed like a smart idea to have a say in decisions that might affect land that I was using." He found the process to be positive and constructive. "Everybody was willing to listen to the different sides and to find ways to make it work for everybody."

Under the recovery plan, interested landowners with blue flag on their land are offered the

assistance of a contract range management specialist. Together the rancher and specialist develop a range management plan to improve the whole ranching operation for the rancher and the blue flag. Bectell notes, "The plan doesn't steamroll ranchers into a corner. It provides suggestions, and the ranchers can incorporate the ones they want."

Participants may also be eligible for one-time financial assistance from the Alberta Conservation Association to implement some of their plan's key changes. For example, Bectell contributed his time and labour, and received funds for materials for some cross-fencing and water developments. He says, "These were improvements I had wanted to do in the long term. The program helped me to do them sooner, to manage the land better, faster."

The program's assistance provides a way to share the costs of maintaining the plants between the landowners and society. For more information on the program, visit <http://www3.gov.ab.ca/srd/fw/riskspecies>.

Upcoming Conference on Rewarding Stewardship



If you want to learn more about environmental goods and services, AESA has the conference for you. Called Who's Rewarding Stewardship?, it will be held on March 11 and 12 at the Red Deer Lodge in Red Deer.

"To me, rewarding stewardship is a way that we can get some cash in the jeans of producers to reward them for providing environmental goods and services," says Larry Kitz. He is chair of AESA Council's Communications Team, which is organizing this timely conference.

Kitz says, "Conference participants will learn about current and potential options for environmental goods and services so they can make informed decisions for their own operations."

The conference sessions will highlight initiatives from international, national, provincial and local perspectives. The presentations will include topics of interest to producers, processors, retailers, conservation groups and municipalities.

For Kitz, who farms near Two Hills, one of the highlights will be the panel discussion on credits for

reducing greenhouse gas emissions by storing carbon. "We're going to have three panel members – one from industry, one producer and one from the federal government – to update producers on the potential of gaining some revenue from direct seeding or woodlot management to enhance carbon storage," says Kitz. "Carbon credits are one approach that could potentially return the most net benefit to a producer in dollars and cents."

For more information on the conference or to register, call Christy Schoettler toll free at 310-0000 then dial 780-415-1771.

Glenn Logan

"Maybe we're best described as commonsense environmentalists. We think about the environment and the consequences of what we do," says Glenn Logan. The Logans' commonsense approach includes conserving wildlife habitat and protecting water quality on their farm.

Their southern Alberta mixed farm is very mixed. "We grow predominantly pedigreed seed, and run a small feedlot and a cow-calf operation," says Logan. "And we're building a rather large hog barn." Even with all that going on, they have plenty of room for wildlife.

"Our family has always had quite an interest in wildlife," he says. "My wife is a biologist so she knows just about everything that flies, walks and crawls." The Logans have participated in Operation Burrowing Owl for many years and won a habitat preservation award from that program. For nearly 15 years, they've participated in a Ducks Unlimited project in one of their pastures that is benefiting both waterfowl and cattle. "It's made a lot of the land much more accessible for our cows. And the land that upland fowl use for nesting, we only graze it in the late fall and early winter."

Other environmentally friendly practices include removing an old wintering site where runoff had the potential to enter a reservoir, and ensuring that their new hog barn has all the environmental safeguards in place. The hog barn has also given Logan an intriguing opportunity to team up Partners in Habitat and Pheasants Forever to create "a demonstration site showing how intensive livestock can coexist with wildlife and the environment."

Logan represents the Alberta Barley Commission on AESA Council. The Commission is funded, directed and controlled by Alberta barley producers. It conducts research, market development, policy development and producer education. Logan has served as a Commission director for six years, including one year as chairman and the last two years as past chairman.

He is involved in several other agricultural organizations, such as the Agriculture and Food Council and its Growing Alberta communications program, and the Bow River Irrigation District.

"Our family has always had quite an interest in wildlife."

One of Logan's priorities is Alberta's Environmental Farm Plan program, an industry-led initiative being championed by AESA Council. He is a member of the program's board and a strong supporter of the concept. He says, "It's very important that farmers have a tool such as this that they can apply to their own farming operation as a self-assessment. I think it will bring economic benefits to the farm as well as environmental benefits. That's what sustainable agriculture is all about – providing that balance between economics and the environment."



Roth and Ramberg Photography Inc.

Cindy Chiasson

As Executive Director of the Environmental Law Centre (ELC) and a member of AESA Council, lawyer Cindy Chiasson sees some shared perspectives between the two organizations and some mutual benefits.

The ELC is a non-profit, Edmonton-based agency. Its goal is "to make law work to protect the environment," Chiasson explains. The ELC works to ensure: government enacts sound environmental laws; a role for the public in making environmental laws, regulations and policies; and a level playing field for everyone involved. It conducts research and law reform projects, and provides education, information and referral services on environmental law.

"I believe quite strongly that there is value in the voices of many."

She notes that AESA and the ELC both focus on providing information and education to help people take action on environmental issues. To Council, the ELC representative brings expertise in environmental law, the perspectives of urban consumers, and a balanced viewpoint that comes from the ELC's role of serving the environment and public interest rather than the interests of individual clients. For the ELC, one benefit of membership on AESA Council is that it provides a way "to participate in providing a voice that goes to the Alberta Minister of Agriculture on policy options and directions," Chiasson says.

As a new member on Council, Chiasson is impressed by the diversity of perspectives from the many sectors represented on Council and by the down-to-earth approach of members. "On other multi-stakeholder committees, the people around the table are usually the guys in the big offices in downtown Edmonton or Calgary.



Roger Bryan/AARTR

At AESA Council, although the members are there representing their organizations, they're also the people who are doing the day-to-day work. We get a vivid and very real picture of what's going on in agriculture and what the concerns are."

Chiasson has written two books about taking community action on environmental concerns. "I believe quite strongly that there is value in the voices of many.... If the ELC can give people the skills to start taking steps to deal with their concerns, then they feel much better because they have some control over it. And maybe they'll share that information with someone else, and then that person takes action. And you get a ripple effect."

Her belief in a community approach has sparked Chiasson's interest in AESA's Farm Based Program and the Environmental Farm Plan program. She says these programs are also based "giving people the skills and knowledge to do things on their own. They start doing something, and their neighbours get interested, and they show them – that ripple effect."



Reader Survey Results:

Making Our Newsletter Better

Many thanks to our readers who took the time to complete the recent survey! "Reader feedback is vital to make sure that Green Matters is relevant," explains Bruce Beattie, a member of the newsletter's editorial board. The results have given the board a clearer picture of what is working and what could be better, as well as some great ideas for future directions.

"I think the results show we're providing readers with relevant information on the environmental issues facing the agriculture and food processing industries," says Green Matters editor Roger Bryan. "For example, over half the respondents read the newsletter from cover to cover. And most said they retain some or all copies of the newsletter for future reference."

The responses were quite varied to the question about which information from past newsletter issues increased respondents' understanding of environmental issues. "Respondents covered a lot of the topics featured in past issues," says Bryan. "That suggests readers are using Green Matters for reference, and that covering a diversity of topics is helpful."

From Beattie's perspective, "Green Matters is like an appetizer. It's that tasty morsel that whets the appetite for more information on a topic that interests you. I hope that we're able to stimulate discussion so people can consider all options and adopt the best policies." Bryan says, "The responses indicated that the Green Matters articles spurred most readers to discuss the topics with others and often to seek more information through meetings and their own research."

Respondent's ideas for future issues included further explorations of topics covered in past issues, such as species at risk and watershed group activities, and new topics, such as waste management and crop damage programs.

Suggestions on ways to improve Green Matters were varied. For instance, one respondent said "Make it longer!" Another said, "Short, snazzy articles." And some said they enjoy it as is.

Bryan is already making use of the results. For example:

- to respond to reader interest in producer viewpoints: "We will continue to have the Chair's column and Council profiles, and we'll increase efforts to include producer perspectives in the articles."
- for readers who want to receive Green Matters in a more environmentally friendly form: "Green Matters is now available on-line on the aes.ca website." To receive it on-line, call 780-422-4385 to request email notification when each issue is posted.

"We always look forward to hearing from our readers," says Bryan. "Thanks to everyone who responded to the survey. And congratulations again to Brian Trueblood who won the two tickets to Growing Alberta's Harvest Gala celebration and one night's accommodation." If you have comments about Green Matters, contact Roger Bryan (phone: 780-427-3616; email: roger.bryan@gov.ab.ca).

"Green Matters articles spurred most readers to discuss the topics with others..."

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Green Matters is the newsletter of the Alberta Environmentally Sustainable Agriculture (AESA) Council. AESA Council consists of 29 representatives from Alberta's agriculture and food processing industry, environmental organizations and government. Its mandate is to: identify and evaluate environmental issues facing Alberta's agriculture and food processing industry; encourage the industry to proactively address these issues; advise the Alberta Minister of Agriculture, Food and Rural Development on these issues; and direct the AESA Program.

The purpose of Green Matters is to provide a forum for discussion of environmental issues in Alberta's agriculture and food processing industry.

To subscribe to Green Matters, call 780-422-4385.

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